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Canada

Promotion Opportunities

Food Product Export Opportunities in Western Canada

1999

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Report Highlights:
Food trends in western Canada are driven by several consumer factors, some in common with other North American markets and some unique to the western Canadian market. Opportunities exist within the western Canada retail food sector for U.S. exporters with innovative consumer food products that respond to these important emerging food trends. This report identifies 10 specific food product opportunities.

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Section 1. Food Trends in Western Canada

Significant opportunities are available to food manufacturers who understand the market and consumer trends in western Canada and respond with unique, competitively distinct products to meet those consumer trends .

And while the western Canadian consumer is very similar to the eastern consumer in most ways, there are some notable distinctions. Western consumers tend to have a higher level of concern about health and nutrition, with clear differences showing up in the importance of organic foods, Asian ethnic prepared foods and produce, vegetarian foods, and health foods. And in many ways the western Canadian consumer has a tendency to identify with western U.S. consumer food trends.

The following list describes the key food trends in western Canada that are driven by changing consumer attitudes, lifestyles and demographics as well as changing distributor focus and retailing strategies.

Food Trends of Note in Western Canada

1. Portability - convenient products for consumers on the run ... seen in many food categories.

2. Convenience at home- the home meal replacement solution for time starved families having less time for shopping and food preparation... fresh and frozen meal solutions are springing up in many categories.

3. Meal Excitement - new and unique high quality home meal and children's lunch kit solutions that provide the family with more variety, with different taste sensations and meal excitement.

4. Nutritious, Convenient and Refreshing Beverages - the cool beverage category is segmenting to meet consumer demand for nutritious and refreshing alternatives to conventional soft drink and milk categories.

5. Baby Boomer Health Consciousness - Baby Boomers attitudes and behaviors are a predominant force in most food categories as this generation places higher importance to the health and nutritional aspects of food in an attempt to maintain their health and well being.

6. Specialty Ethnic Foods - Western Canada has experienced an escalation in immigration from Asian countries. The demographic shift has resulted in food trends that include the fast rise of specialty ethnic foods, value added foods with an Asian appeal, and more varied and exotic fresh vegetables, fruit and seafood products.

7. Natural or Organic Foods - Many consumers are increasingly interested in products that give reassurances about food safety, environmental soundness, as well as health and nutritional benefits.....always a popular alternative segment in the west, today mainstream retailers are supporting the trend.

8. Functional/Nutriceutical Foods - Many consumers are influenced by the benefits of high protein meals, energy bars and herbal, vitamin, and mineral enhanced products in many different categories.

9. Low fat foods - from RTE cereal, to dairy, to frozen meals, consumers are increasingly concerned about fat intake

and especially the health concerns associated with saturated, hydrogenated and trans fatty acids.

10. Indulgence foods - While concerned about fat and nutrition on one hand, increasingly consumers are also looking for tasty snacks (fat, sugar, or salt filled - throw all caution to the wind). These foods offer rewards to the consumer for all that good eating behavior and for surviving the stresses of everyday life. Call it tasty snack foods, comfort foods, indulgence foods, or food rewards.....very high demand for foods in this classification in many categories.

11. A trend of the future that is currently on many consumer's minds is more information on and clear labeling of genetically modified foods (GMO). Controversial yes, however in the food marketing business - perception is reality, and it is obvious that consumers are increasingly looking for reassurances about food wholesomeness and safety.

12. Western Canadian consumers have always had a higher preference than their eastern Canadian counter parts for large pack sizes. This phenomenon is seen in many food product categories and as a result is supported also by western food distributors.

Section 2. Specific Product Opportunities in Western Canada

Two Opportunities in the Fruit Juice Category

The fruit juice category is one of the most dynamic categories in the grocery business today. Second in size only to the flavored soft drink category, this category has seen very strong demand driven mainly by evolving consumer trends and manufacturer innovation.

The market has evolved from the traditional fruit juices to carbonated juices and flavored waters to carbonated fruit drinks such as Snapple and Libby's Real Fruit and most recently to some very innovative new subcategories.

Currently there are several alternative drink sensations that are growing the category and changing consumer habits. Sunny Delight (P&G 1998) and more recently a mixed fruit and dairy drinks - smoothies or whipped fruit drinks (e.g. Whipper Snapple.)

Consumer factors that are driving this trend are:
- concern for healthy alternatives to traditional soft drinks for families
- concern for baby boomer health and wellness
- desire for better refreshment and taste than traditional juices
- need for portability and convenience
- a taste for the new and exotic - tropical fruits / fruit and cranberry mixes / fruit and dairy
- desire for the unconventional and exciting drink alternatives

Market Summary

Western Canada
The western Canadian market for juices, drinks and iced teas in 1998 is large at $US 244 million with a growth rate of 12% (1998 A.C. Nielsen 52 week J/F 1999). The year 1999 market projection based upon this recent market size

and growth rates would be $US 273 million.

Canada
The corresponding Canadian market size in 1998 is $US1.01 billion with a similar 12% growth rate.

Two top areas of opportunity in the overall juice and drink category :

Opportunity 1. Chilled Fruit Drinks Sub Category

This traditional product category dominated by orange juices that has been recently revitalized with manufacturers responding to the consumers demand for healthy and refreshing fruit drink alternatives. There is a definite opportunity for more innovative fruit drinks - be it mixed citrus, or mixed tropical exotic fruit or fortified mixed fruit and dairy. As reported in Western Grocer Magazine, industry marketers (Sandra Sanderson, VP Consumer Marketing, Minute Maid) observe that the chilled drink category growth remains very dynamic and this has resulted in declines in some of the other drink categories, such as carbonated sparkling juices, powdered juices, and frozen juices.

Recent successful innovations:
- Juice and Dairy Mixes - Sunny Delight and Minute Maid Premium Calcium Rich Orange Juices
- Specialty Juices - Tropicana and SunRite naturally Sweet Pinks and Exotic Fruits, stocked in the Dairy section of most grocery stores.

Competitors:
Competition in the category is a combination of local and eastern based companies with a number of key brands as follows:
SunRipe (Kelowna BC) with an innovative line of various citrus and mixed fruit SKUs
Dairyworld of Vancouver with it’s Dairyland brand of orange juice
Tropicana - Tropicana Products Ltd. (distributed by Oppenheimer foods)
Minute Maid (Coca Cola - Ontario) a leader with Minute Maid Orange and Five Alive mixed fruit and Minute Maid Premium orange juice fortified with calcium

Opportunity 2. Shelf Stable Fruit Drinks Sub Category

The fruit juice opportunity is also very evident in the shelf stable fruit drink category. In the past a category dominated by aggressive price competition usually between competing apple juice brands - today it is growing as a result of innovative new products that better appeal to consumer desires. In this category consumer demand is increasingly focusing on new and innovative products. Opportunities remain:

Taste and health innovation:
- flavorful mixes or exotic fruit combinations
- new fruit and dairy combinations - such as smoothies
- health oriented drinks - fortified with herbal ingredients, vitamin and minerals

Convenience and portability:
- easily carried sports bottle size
- lunch kit size / recloseable

- large economy sizes.... easily stored and convenient dispensing

Key Competition
Minute Maid (Ontario) (Coca Cola)
SunRipe (BC) (distributed by Dairyworld)
Dole (Ontario) - Distributed by Oppenheimer Foods
Ocean Spray - Distributed by Oppenheimer foods
V8 (Campbells)
Rice Dream Image Foods (California) - Distributed by Horizon
Ceres Tropical Juices (South Africa)- Distributed by National

In summary the fruit juice category is dynamic and fast growing. There are distinct opportunities in the two sub segments listed above. The growth in the future, as in the past, will be driven by innovative new juice products better meeting the evolving consumer trends.

Opportunity 3. The Soy and Rice Beverage Category

Soy and rice beverages has grown dramatically by over 15% for several years now - 24% in 1998. Soy and rice beverages was the number 3 fastest growing category in Canada in 1998 according to A.C. Nielsen. In fact the local trade press has described it, perhaps a little on the enthusiastic side, as ‘a food revolution’ and ‘Soy has gone mainstream’. Soy products and soy drinks in particular are categories that are being driven by consumer demographics and the perceptions of the related health and medical benefits of the product. Western Canadians have always been health conscious and oriented to natural and organic foods. And with the influx of Asian immigrants to western Canada in the last decade, the western market for soy drinks is growing.

Consumer Trends
- ethnic diversity including consumers of Asian origin familiar with soy products
- Baby Boomers with health concerns and a desire to maintain well being
- demand rising as consumer knowledge of health benefits increases
- health benefits include :
  - help guard against heart disease and osteoporosis
  - reduction in LDL cholesterol levels
  - an alternative to milk for the lactose intolerant and milk allergic
- the old stigma around soya products is giving way to widespread consumer acceptance

Market Summary
The western soy drink market is over $US 7 million (6 million liters) in 1998 with growth rates of 24% in 1998 (A.C. Nielsen 52 week January 1999). Given the consumer trends above the western market is understandably over developed relative to the East. The west representing nearly 50% of the total Canadian soy drink sales of $US 14.7 million, with only 34% of Canada’s population base. The 1999 market projection based upon this recent market size and growth rate is $US 8.7 million

Soy Drink Opportunity.
Soya products that have found most favor recently are innovations such as soy drinks that are fortified with vitamins and

calcium, soy drinks that use advanced technology to remove the bean-y taste of past soy drinks, and Soy drinks with flavors such as chocolate. Continued innovation to produce great tasting and refreshing alternative drinks that also have health benefits present a large opportunity. Of special interest is pending regulatory approvals in the U.S. market, which will may be followed in Canada, that will allow health claims to be placed on soy product packages.

Competitors
Soya World, a Vancouver based manufacturer, maker of So Good brand beverages and So Nice/Soyganic organic soy beverages (distributed by Dairyworld).
Soy Dream Drinks, a brand of Imagine Foods Inc. of California (distributed by VitaSoy)

Opportunity 4. The Meat Analogue / Vegetarian Meat Substitute Category

Meat analogues and vegetarian meat substitutes are an extremely fast growing category in western Canada. The category leader in western Canada - Vancouver based Yves Veggie Cuisine, has been the driving force behind the category for 14 years. This innovative company has reported annual growth rates of over 40%.

Vegetarian meat substitute products have always been popular with a small segment of consumers in the west. However, the number of consumers buying these foods has grown steadily. Today the category attracts not only vegetarians but also mainstream consumers who are increasingly concerned about health and well being and are adopting the meat analogues. This category includes soy products and meat substitutes made from grains and vegetables. Products include various meat analogues as hot dogs, burgers, ground ‘meat’, bacon, sliced ‘meats’. Recent trends are new pasta based products (pasta with vegetarian meat dishes). Yves’ has a product mix which includes 15 stock keeping units. Grocery retailers are actively supporting the trend and are displaying the category in the produce section.

Market Summary
The Canadian market for tofu and analogue products is valued at $US 21.7 million and is listed by A.C. Nielsen as Canada’s 10th fastest growing category with growth of 29% in 1998 (A.C. Nielsen 52 weeks January 1999). Household penetration for tofu products according to recent consumer research is 13% or 1 in 8 households a strong indication of soy products acceptance in western Canada and of the strong growth potential remaining. The 1999 market projection based upon this recent market size and growth is $US 28 million.

Meat Analogue Product Opportunity
Meat analogue products that have found most favor are those with realistic meat taste and texture. The market is certainly ripe for fast growth given the consumer trends and health benefits in the category. Continued product innovation and more entrants in the category will result in continued strong market growth and substantial sales and profit opportunity.

Competitors
Yves Veggie Cuisine (Vancouver) category leader with 15 products (own distribution)
Sunrise Soya Foods (Vancouver) (Concorde - distributor)
Amy’s Frozen Vegetarian Burgers (U.S.)
Boca Frozen Vegetarian Burgers (U.S.)
Money’s Frozen Vegetarian Burgers (Vancouver)

Opportunity 5. - The Frozen Breakfast Category

Frozen breakfast items have enjoyed strong growth over the last several years as they increasingly appeal to the consumers need for convenient, nutritious, and tasty breakfast meal solutions for the family. Items include toaster pancakes, waffles and strudels with an increasing variety of innovative taste options for consumers. These tastes options include:

- waffles with cinnamon, banana bread, wholewheat, and blueberry versions
- pancakes - buttermilk and blueberry
- strudels - with, fruit and berry flavors and a fruit and cream cheese combination

The benefits to consumer are obvious - the convenience of having a hot meal in the morning without the inconvenience associated with cooking that hot meal. They also provide a nutritious and indulgent taste experience to get the family going in the morning. The category seems to be very responsive to new innovative products as evidenced by the fact that Kellogg's Eggo Pancakes were the number 3 individual UPC item launched in Canada in 1998.

Market Summary
The Canadian market size was $US 46.6 million in 1997 (A.C. Nielsen 52 week January 1998) with growth rates reported by A.C. Nielsen in 1998 and 1999 in the 8 to 15% range. Growth in western Canada in 1998 is in line with these growth rates reported by A.C. Nielsen at 14%. The 1999 market projection for the Canadian market and based upon this market size and a 10% growth rate is $US 56 million.

Frozen Breakfast Opportunity
Frozen breakfast items appear well positioned to take advantage of the ever increasing consumer desire for nutritious and fast convenient breakfast solutions. Innovations in product formulation will further energizing the category. The desire for high quality specialty items, or items with low fat and high nutritional value, or perhaps even items with vitamin and mineral fortification will no doubt play a role in this category, as they have in other categories.

Competition
The category started by Kellogg's with it's Eggo brand of toaster waffles. Many new players have entered including Canadian producers McCain, Pillsbury, and Lifestream. Van's International from California has also entered with a line of 'natural and gourmet' items - these include Original Belgian, Multi-grain, Organic Whole wheat, and 97% fat free. Kellogg's is today, however, is still the category leader and the top innovator.

Opportunity 6. - The Frozen Dinner and Entree Category

The frozen dinner category seems to be well positioned to continue to be one of the fastest growing and most dynamic food categories in western Canada.. This category will benefit from the most influential consumer trend impacting grocery stores today - the home meal replacement solution for time starved consumers. Consumers today are finding less and less time available for food shopping and food preparation. And yet these consumers also want to satisfy their families meal preferences for great tasting and nutritious meals. Manufacturers are taking up the challenge and introducing many new innovative frozen dinner and entree product offerings.

The category is responding to these consumer trends with a full range of offerings from regular value priced frozen dinners to high quality specialty pastas and ethnic meals to diet and nutritious meals. Some manufacturers have realized the desire of some consumers to do some of the food preparation, and thereby putting their own personal touch to the meal. Accordingly these manufacturers, notably Nestle's Stouffers brand , has launched Dinner Stir Fry Kits with gourmet and ethnic specialty meal kits complete with pre-marinated meat or seafood, pasta, exotic sauces and vegetables. Product innovations such as this will continue to appeal to new consumers and should result in growth in the overall category.

Market Summary
The Canadian market size was $US 564 million in 1998 with strong growth continuing at 13% (A.C. Nielsen 52 week January 1999). Western Canada growth is even more robust with sales growth reported to be in the 25% range. The 1999 market projection for Canada based upon this market size and growth rate is $US 637 million

Frozen Dinner Opportunity
Frozen dinners and entries are perfectly positioned to appeal to western consumers increasingly time starved and looking for the appropriate home meal replacement. Frozen meal solutions that are convenient, offer a special meal taste sensation and even elegance, and appeal to the ethnically diverse population will meet the growing demand. New product innovation will be key to finding a distinctive competitive advantage in this interesting category.

Competition (distributed by own companies)
Manufactures have responded to the current consumer trends with an array of frozen dinner and entree selections to match. The key competitors of note are:
- J.M. Schneider's line of Michelina's frozen entrees including a value, a high quality, a diet, and an oriental meal alternative.
- Nestle Canada's Stouffer's line including their stir fry dinners available in 6 varieties,
- Swanson's Dinners including it's regular dinners and it's Hungry Man dinners
- Maple Leaf's Olivetti Bella Pasta - a Vancouver specialty pasta manufacturer.

Opportunity 7. The Nutritious Portable Food Category

Nutritious portable snacks (NPS) are one of the fast growing product categories driven by contemporary consumer trends. Consumers, increasingly starved for time to enjoy a leisurely sit down meal, are turning to the NPS category for the quick meal on the fly. Consumers are also increasingly concerned about health and well being and NPS again fills the role well.

Originally targeted at athletics and fitness seekers, energy bars have gone mainstream and now provide a good nutritious meal alternative that can be eaten on the run. These energy bars have especially found favor with western consumers traditionally more health oriented. This category is a category that has been driven by new product innovations that have captured the interests of an increasing number of consumers - no doubt this trend will continue. Today NPS alternatives available to consumers include energy bars with granola fruit and chocolate combinations galore as well a dried fruit snacks and roll ups.

Market Summary

The western Canadian market achieved sales of $US 52.9 million for the 52 week period ending March 27th 1999, according to A.C. Nielsen. This is a 4.7 % jump from last year in the same period. Nutritious Portable foods in total Canada in1998 reached $US 199 million nationally in 1998 (A.C. Nielsen Dec 98 - 52 weeks Market Track data) - A.C. Nielsen also report that the nutritious portable food category grow at 4% in 1998 after a 9% growth in 1997. The 1999 market projection for western Canada based upon this market size and growth rate is $US 78 million

Nutritious Portable Snack Opportunity
The category is bridging the gap between meal replacement and snack food. On the one side you have the NPS appeal of meal replacement with highly nutritious ingredients for the meal on the run. And on the other hand the NPS is seen as the perfect between meal snack and indulgence reward (without the guilt). Product innovation opportunities may exist to further bridges the gap between meal replacement and snack, providing new taste sensations and nutritional benefits. Opportunities may also exist to develop competitive distinctiveness that focuses more on the indulgence snack direction, perhaps bridging the gap between NPS and confectionary bars.

Key Competitors (distributed by own companies)
Kellogg's Nutri Grain Bars and Fruit filled Twists
Quaker Bars
Nature Valley Bars
Christie Sun Up Bars and Newtons'
SunRipe Fruit Bars and Roll ups

Opportunity 8. - The Children's Lunch Kit Category

One of the categories, or probably more correctly a sub category of nutritious portable foods, that has shown strong consumer acceptance and growth is the lunch snack kit category targeted at school children. This category has also been called the back to school product category and it includes a growing number of prepacked lunch kits that include everything from:

- cheese dip and bread sticks kits
- cheese, cracker, ham, and drink kits
- kits that include a hot dog, taco, nachos, or pizza
- and an array of individual snacks and drinks targeted at the same market including portable juices, salted snacks, confectionary items, as well as granola and fruit bars.

This category is being driven by some of the same trends seen in other categories, desire for convenient and time saving meal solutions, good nutrition, and meal excitement. Mothers of school aged children are today are time starved and at the same time very focused the nutrition needs of the family. On top of this mothers know that they have to fight what is called the lunch boredom factor. They know that they have to provide some meal excitement in their children's lunches for the lunch to be eaten. Therefore the lunch items need to have kid appeal, be great tasting, at the same time as being nutritional.

Children's Lunch Kit Opportunity
This category, a sub category of nutritious portable foods, is positioned extremely well to appeal to the modern family's needs. Given the demographic and social trends today products that target today's families with convenient meal solutions, that also provide nutrition, and meal excitement are destined to grow. Industry specialists as reported in Western Grocer Magazine suggest that it will be a category driven by innovation - both innovation of products and

innovation in promotion. And it makes sense as children are attracted to new products - it helps eliminate the boredom factor.

Market - specific sub category market information not available.

Competition
This category is driven by new products and there are a few notable ones that are becoming increasingly popular. (distribution by own companies)
Oscar Myers Lunchables - with either Kits of cheese crackers and ham, or tachos, or nachos.
Kraft Lunchables - it's kit having cheese, crackers, ham and a drink.
Schneider's Lunch Mate - with a microwaveable Hot Dog or Pizza.
Con Agra Foods Kid Cuisine - Frozen 'Happy' meal - chicken pieces, vegetables and dessert (ConAgra distributed by Concorde).
And of course individual items such as P&G's successful Sunny Delight lunch kit size and fruit rollups and fruit and granola bars.

Opportunity 9. Pet Food Category - Pet treats

Canadian ownership of pets is remarkably high according to one recent study. Compusearch data as quoted in Western Grocer shows that 25.8% of Canadian households own a dog, 37.6% own a cat, and 22% owning both a cat and a dog.

Pet owners are crazy about their pets and seem to be pampering their pets like never before, and the trends in the category are definitely towards premium pet foods and pet snacks. Strong growth rates in pet food treats are an indication that pet owners today wish to indulge their pet. While this is true, it is clear that these owners are also concerned for their pet's health, making sure that the pet is getting the proper nutrition and dental hygiene. Pet owners are showering their pets with an increasing number of pet treats - probably the key area of opportunity in the overall pet food category.

Market Summary
Pet food in Canada as measured by A.C. Nielsen Market Track (52 week to Oct 1998) is $US 223 million with the fastest growing two sub categories being dog treats at $US 9 million and cat treats at $US 3.8 million. Both of these sub categories exhibited strong growth of 19% in 1998. A caution must be noted due to A.C. Nielsen's own research that shows that A.C. Nielsen's tracking of grocery sales of pet food is only 54% of total pet food sales. This is as a result of the retail trend to large pet food discounters, veterinary sales, and mass merchandisers. The year 1999 market projection based upon the A.C.Nielson measured market size and growth rates is $US 15 million for dog treats and $US 4.5 million.

Pet Snack Category Opportunity
Pet treats have continued to significantly outpace the overall category and provide opportunity for manufacturers who have innovative pet treat products that will meet consumer's dual need for that offer pet indulgence and/or nutritional and dental care. Opportunities do exist for products that provide innovation in product formulation and taste that tie into these key consumer needs.

Competition
There are a number of key pet treat manufacturers competing in the mainstream grocery store pet food business. Hartz, Nabisco(Milkbone), Purina, Heintz, Alpo, and ConAgra (Sergeants). Other pet treat manufacturers have focused on pet store distribution such as Nutro, Iams, and Science Diet. There seems to be a lot of duplication of product mixes in the pet treat category.

In the dog treat category there a number of products having similar versions of jerky strips and chewing sticks (chicken, beef and bacon flavored), and biscuits with different formulations and nutritional and dental hygiene benefits. Some with reduced fat content and others promoting added calcium.

In the cat treat category there are considerably fewer options. Treats include chicken salmon, or tuna flavored products by the key brands Purina Meow mix, Heinz Pounce and Whisker's Temptations.

Opportunity 10. Natural Food Category - including Organic and Supplements

This is a major trend in the food industry in western Canada. Natural foods are going mainstream driven by Baby Boomers and their health concerns. Western Canada has always had a higher level of interest in organic and natural foods and supplements. These products typically were found only in health food stores and speciality food stores, however today they are found in mainstream grocery stores, increasingly in their own sections.

This category includes a mix of products including:
- Organic produce,
- A wide array of food products made from certified organically grown foods and natural ingredients, and
- Vitamin and herbal supplements.

Consumers today are better educated about food products and about health in general, as evidenced by the trend towards eating healthier - less fat, and more fresh fruits and vegetables. So it's not surprising that some consumers today, especially the aging and affluent Baby Boomers, are increasingly concerned with the safety and nutritional quality of foods. Much concern about the potentially harmful effects of fertilizers, pesticides, growth hormones, and antibiotics has been raised in the media that is resonating with these consumers. Many consumers are making the choice to switch to organic foods for a variety of reasons, some around the perceived health benefits, some related to the desire to support sustainable agriculture, and still others to support a shift to vegetarianism.

Consumers who are driving the trend in western Canada are both the environmentally conscious and the consumer with higher incomes that have made a choice to eat healthier. Mainstream retailers watching the rapid growth of specialty food stores (e.g., Capers) have responded by developing their own retailing strategies to appeal to these consumers, from specialty natural food sections (Overwaitea)and separate organic produce sections (Safeway).

Products included in the separate natural foods sections include a large range of natural foods such as:
- Organic breakfast cereals and breakfast bars
- Soya drinks and fruit drinks with vitamin and herbal supplements
- Herbal supplements and vitamins
- Nutritious health bars/power bars
- Specialty premium brands in many food categories

Natural Foods Opportunity
While there is a definite trend in western Canada to organic and natural foods there opportunities for innovative products that will help to drive the category. In some of the mainstream grocery retailers the new natural sections have been slow to catch on. While the retailers are committed to the direction, sales are not as robust as they could be. Innovative products and innovative marketing and merchandising programs to support the products present be a large opportunity in the mainstream grocery channel in western Canada.

Market Summary
The natural food and organic categories are not measured by A.C. Nielsen however the herbal and vitamin supplement market is.

Herbal Remedies:
In western Canada herbal remedies were measured at $US 6.4 million (A.C. Nielsen HABAC in Food stores for the 52 week period ending March 1999), with a growth rate of 33%.

Vitamins:
Western Canada accounts for $US 16 million in sales, a growth rate of 4%.

Organic foods:
The Organic Advisory Board estimates the market at approximately $US 350 million in 1998, with growth rates in the 15 to 25% range.

1999 market projections based upon these market sizes and growth rates are:
Western Canada herbal remedies - $US 8.6 million
Western Canada vitamins - $US 17 million
Canada total organic foods (20% growth rate) - $US 420 million1212

Competition:
The natural foods category is a diverse category, highly fragmented with products from a range of related categories. In the packaged foods segment of the category the competitive environment is typically made up of large number of smaller premium priced brands (with premiums of between 10 and 50% over tradition packaged food products). Distributors Horizon and Marathon are the key distributors for the vast majority of the smaller natural foods products in this category.

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For more information on food product export opportunities that exist in Canada, refer to the report: Food Product Export Opportunities in Eastern Canada. Find us on the web at: www.fas.usda.gov